

Department of Revenue

Departmental Overview

Joint Appropriations Subcommittee for General Government

March 3rd, 2015



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Department Mission and Responsibilities
- Budget Overview
- Major Division Descriptions
- Information Requested from DOR

Mission Statement

- Administer the tax laws and collect the taxes due to the state in an impartial, uniform, and efficient manner.
- Tenets:
 - Easy to do business with
 - Compassionate when called for
 - Firm but fair

Roles and Responsibilities

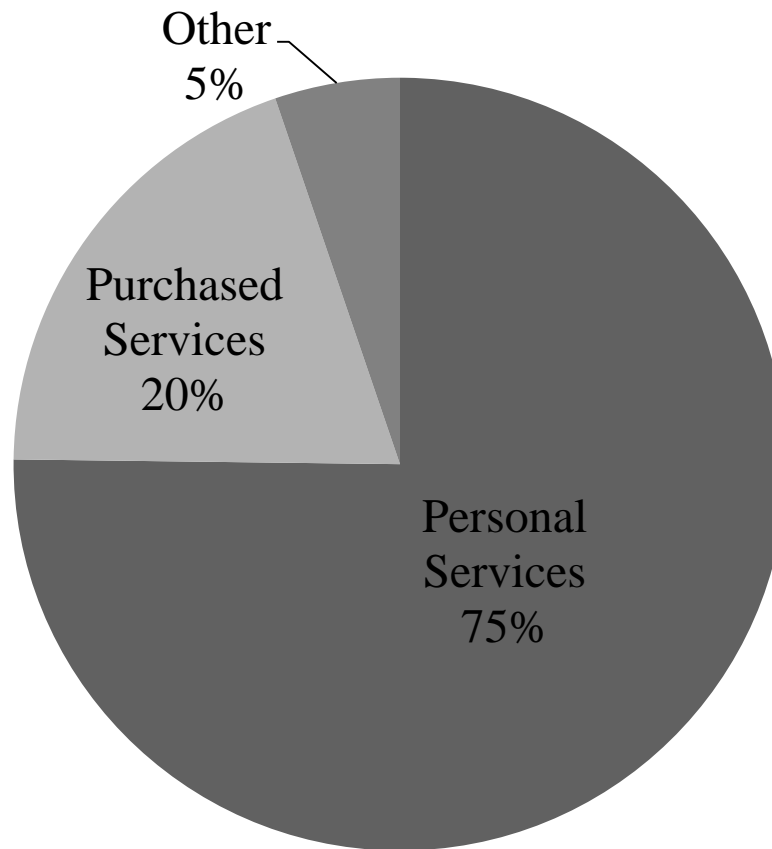
- Enforce the tax laws and collect all taxes owed to the state
- Interpret the tax code
- Handle appeals
- Educate taxpayers

Budget Overview

	FY 2010-11 Actual	FY 2011-12 Actual	FY2012-13 Actual	FY2013-14 Actual	FY2014-15 Authorized
Expenditures	\$109,123,096	\$104,571,688	\$108,057,386	\$108,075,200	\$129,621,288
Receipts	\$27,481,555	\$28,522,545	\$31,610,081	\$31,818,370	\$49,223,138
Appropriation	\$81,641,541	\$76,049,142	\$76,447,305	\$76,257,110	\$80,398,150
FTEs	1,501	1,417	1,410	1,427	1,470

Breakdown of Expenditures

FY2014-15
Authorized
Budget



Breakdown of Expenditures

Budget Driver	Expenditure Amount	% of Total Expenditures
Information Technology	\$15,979,175	12%
Taxpayer Assistance	\$20,110,118	16%
Project Collect Tax	\$21,772,895	17%
Project Compliance	\$23,559,322	18%
Documents and Payments Processing	\$11,377,969	9%

Information Technology

- Handles daily technical operations including business systems analysis, application development and procurement, maintenance, database administration, server/network support, and system software support
- Tax Information Management System (TIMS)

Taxpayer Assistance Division

- Respond to taxpayer questions
- Three levels of questions
 - Level 1: basic questions answered through scripted responses, utilizes call center employees
 - Level 2: questions regarding statutes, policies, and procedures
 - Level 3: questions that require staff to research and form an opinion on a case by case basis

Collections Division

- Manage the accounts receivable for most General Fund taxes
 - Collects taxes that are distributed back to local governments
- Secure Unfiled/Unpaid Returns for Business Trust Taxes
- Aiding the NC Attorney General's office in bankruptcy proceedings
- ~80% are field based

Project Compliance Division

- Administer the tax laws and determine the taxes due to the State
- Identify non-compliance; audit books and records; and recover lost revenue due the State.
- ~85% of employees in this division are auditors

Documents and Payments Processing Division

- Deposit tax receipts
 - Done within 2 days in every month except April
 - April: done by the end of the month
- Provide imaging and data edit services
 - Responsible for correcting items with errors
- Register businesses for income tax withholding, sales and privilege license

Information Requested from DOR

- Progress of opening the new call center and modernizing the existing call center
 - Funded in FY2014-15 budget
- Cost and progress of modernized e-filing system for corporate taxes
 - Upgrade to TIMS functionality
- Progress of the new collections case management system and collection e-service

Information Requested from DOR

- Current status of TIMS and future implementation plan
- Collection Assistance Fee
 - Balance and source of funds
- Use of temporary and part time staff
 - Change in staffing levels for recent years

Questions

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FY 2014-15 Expenditures by Budget Code

Code	Division	Expenditures
1600	Administration	\$3,823,968
1601	EPMO	\$742,413
1603	Human Resources	\$1,410,661
1605	Information Technology	\$15,979,175
1607	Policy Analysis/Stats	\$434,060
1609	Criminal Investigations	\$904,583
1624	Income Tax	\$2,165,980
1625	Excise Tax	\$97,415
1627	Sales and Use	\$1,318,753
1629	Local Government Div	\$4,415,326
1643	Taxpayer Assistance	\$8,636,289
1660	Collection	\$283,256
1661	Project Collect Tax	\$21,772,895
1662	Taxpayer Call Center	\$11,473,826

FY2014-15 Expenditures by Budget Code

Code	Division	Expenditures
1663	Project Compliance	\$23,559,322
1670	Unauthorized Subs Tax	\$1,553,412
1681	Administrative Services	\$8,822,786
1683	Financial Services	\$836,692
1685	Docs./Paymts. Processing	\$11,377,969
1700	Motor Fuels	\$4,984,572
1708	International License Registration	\$229,020
1710	Fuel Tax Compliance	\$1,652,688
1800	White Goods Disposal Tax	\$425,000
1820	Scrap Tire Disposal Tax	\$425,000
1830	Public Transit Tax	\$715,384
1640	Dry Cleaning Solvent Tax	\$125,000
1870	Solid Waste Disposal Tax	\$225,000
1880	911-Service Charge	\$640,000